

The Border Consortium

***Procurement Manual***

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## **Introduction**

The procurement of supplies is an important functional area as providing food and relief assistance is one of TBC's core activities. Most of the organisation's expenditures are incurred by purchasing. Once needs are identified, procurement is the beginning stage of the supply chain, which leads to further processes of delivery, receipt, monitoring, distribution to beneficiaries, and payment. Good procurement can smooth these subsequent processes down the supply chain and also ensure an effective use of donors' funds.

The primary role of the procurement department is to support TBC's relief programme and the beneficiaries. In addition, TBC has an obligation to its donors, Board of Directors, and all stakeholders in developing and implementing a procurement procedure that is transparent, traceable, and complies with donors' requirements and policies.

### ***Purposes:***

The objective of this manual is to explain TBC's procurement procedures and to provide guidelines for procurement practices, specifically for those in relation to TBC's tendering and quality control. This manual is also intended to ensure adequate internal control and TBC's compliance with donors' requirements and policies.

TBC aims to carry out all procurement activities within the framework of sound business practice, which is to ensure transparency of the processes and promote fair competition among suppliers.

The procurement programmes and procedures, at all scopes and financial sizes, must be developed and conducted in a way that efficiently serves TBC's programmes and beneficiaries. The intent of the process is to ensure that the right suppliers are selected, the supplies meet quality standards, and the purchase decisions represent the best value for money. The process is also meant to assess the tenderers'/suppliers' abilities based upon financial and non-financial criteria and their overall capabilities. TBC's existing monitoring tools control and evaluate suppliers based on quality of supplies, quantity of supplies, ability to deliver, service to TBC, and satisfaction of beneficiaries.

TBC must ensure that the use of all funding from the donors is used effectively and complies with the donors' requirements. The donors have the right to access TBC's and the contractors' records and documentation. All procurement activities must be properly documented and be subject to scrutiny by donors, auditors and related parties.

TBC's procurement must promote the highest ethical standard and social responsibility both among TBC staff and external sources that TBC deals with. The suppliers, contractors and candidates must be able to guarantee their ethical standards with respect to the exploitation of child labour, recognition of basic social rights and condition of their working environment. As for TBC staff and contracting authorities, any actions and behaviours that may lead to the appearance of individual and organisational conflicts of interests and non-competitive practices must be avoided.

In addition, the procurement procedure has to guarantee that any action or engagement by suppliers, contractors, and candidates, in corruption, fraud, collusion, and coercive practice are prohibited. TBC's contracting authorities shall reject any offers/proposals or terminate contracts of those suppliers who are engaged in such practices. The relevant donors must be informed if such wrongful and unacceptable cases are discovered.

### ***Principles:***

Within the scope of the above purposes, TBC will adhere to the following principles for all procurement activities:

- Transparency in all procurement activities and processes.
- Proportionality between the procurement procedures applied and the value of the contracts.
- Impartiality or equal treatment to all potential suppliers and candidates.
- Highest ethical standard observed by TBC staff, contracting authorities, contractors, and candidates.

This manual is divided into 5 Chapters:

- Chapter I outlines TBC's procurement procedure, which focuses on procurement methods that can be applied to different value purchases. This section also describes the role of TBC's Procurement Committee, including in relation to the evaluation of suppliers and the awarding of purchases/contracts.
- Chapter II explains in detail TBC's tendering procedure as it is the core procurement procedure accounting for over 70 percent of TBC's total supply purchases.
- Chapter III describes the post-tendering procedure including delivery, quality control, receipt, and payment, which are the steps that lead to achieving the end of the supply chain.
- Chapter IV outlines TBC's Code of Ethics
- Chapter V lists specific donor regulations for Procurement.

## **Chapter I:**

### **TBC Procurement Procedure**

#### **A. Procurement Methods Applied:**

TBC aims to carry out all procurement practices in a sound business manner. This is to ensure transparency, equal treatment of suppliers, genuine competition, and the highest ethical standard. In addition, these practices ensure the compliance of donors' policy and requirements.

TBC applies various procurement methods by taking into account the proportionality between the value of each contract or purchase order and the procurement method used. A more complex procurement procedure is normally adopted for purchases with high value and high risk. In contrast, low value purchases normally require a less complicated procedure.

Beside the value of the contract / purchase, procurement methods may vary according to the type or technical requirements of the supplies, the stage of the products (i.e., developing products or regular supplies with clearly-defined specification), the needs of the beneficiaries, the time frame, and the physical availability of the required supplies. In certain instances, highly complex procurement methods may be appropriate or required for the implementation of some funded activities.

TBC's procurement can be categorised into four methods: 1) tendering, 2) competitive purchasing, 3) direct purchasing, and 4) single quote. Each of these methods has a different set of requirements depending upon the value of the purchases and other considerations. Table 1 on page 11 highlights the procurement methods, the value thresholds, the summary of required procedures, and the authorisation requirements. These methods and thresholds apply to both supply and service procurement.

#### **1. Tendering:**

TBC's tendering means the open tender procedure, which is defined as the bidding process where all interested suppliers submit sealed bids in response to a publication of a tender notice. TBC's tender shall include, but not be limited to, the following requirements:

- **Publication of Tender Notice:** TBC publicises its open tenders on TBC's website, and in an English language and a Thai language newspaper in Thailand.
- **Distribution of Invitation to Tender:** The tender invitation notices will be in written form and specify the rules governing the tenders which will include, but not be limited to, the rules covering the criteria for excluding suppliers, the criteria for awarding business and the criteria for achieving the technical specifications.
- **Requirement for Sealed Bid:** The tender offers must be submitted either in sealed envelopes or dedicated e-mail address prior to the submission deadline.

- **Evaluation of Suppliers:** The contracts shall be awarded on the basis of *the best value for money*. In order to select the bids that represent the best value for money, an evaluation of suppliers is required by taking into account necessary factors, such as price, quality, experience of suppliers/tenderers, production capacity, etc.
- **Decisions/Recommendation by Procurement Committee:** The bid evaluation and the contract awarding process will be carried out by the Procurement Committee, which is comprised of a group of authorised staff from related and various functional areas. This ensures that all aspects of the tender offer are taken into consideration and that the process is transparent and impartial.
- **Quality Control Inspection:** To ensure quality and quantity of supplies delivered, quality control inspections are required for food and cooking fuel. The quality control inspections will be regularly carried out by independent inspection companies.
- **Information File:** Records of the above processes must be properly documented to audit standard.

The open tendering shall be the common practice applied for all contracts over 600,000 baht (approximately USD 20,000). The contracts for tendered supplies have to be authorised by the TBC Executive Director, or in the Executive Director's absence by the Finance /Thailand Programme Director.

On an exception basis, some purchases over 600,000 baht may be exempted from the tendering procedure. This may include supplies in the development stage or supplies that fall under technical and logistical requirements/exceptions. Such procurement would then be subject to one of the following procedures, as appropriate.

## 2. Competitive Purchase:

A competitive purchase is used for purchases over 600,000 baht (USD 20,000) where the open tender procedure is not practical. Such circumstances include but are not limited to:

- Supplies to unusually remote border locations with unique logistical requirements.
- Supplies during the development stage from the supplier's perspective, where the product specification is not clearly defined or a high degree of collaboration between TBC and supply producers is required. This might also reflect the introductory or trial stage of a newly introduced product to the beneficiaries. Quality and acceptability evaluations are essential for a product at this stage.
- The needs or supply quantity to be purchased might vary at times, making it difficult for contract commitment.

The competitive purchase aims to maintain fair competition and cost effectiveness while taking into account the complex nature of supply development. The competitive purchasing procedure shall include, but not be limited to, the following requirements:

- **Written Quotation:** To ensure a genuine competition, a minimum of three suppliers' written quotations are sought, or sound reason documented why less than three bids

could be elicited. Sealed bids may be required in some cases to satisfy specific donor requirements.

- **Evaluation of Suppliers:** The *value for money* concept shall be applied for the evaluation of suppliers. The main selection criteria shall include 1) price, 2) technical knowledge of products, 3) production capacity, 4) willingness and flexibility to work with TBC through a product development stage if required.

In addition, where relevant, supplier's factories should have been visited by TBC's staff to inform supplier evaluations. This enables TBC to acquire inputs for assessing suppliers' potential and capability.

- **Decisions/Recommendation by Procurement Committee:** The evaluation and selection of suppliers will be carried out by the Procurement Committee. This ensures that all aspects of the purchases are considered and that the process is transparent and impartial.
- **Quality Control Inspection:** To ensure quality and quantity of supplies delivered, quality control inspections are required for food and cooking fuel. The quality control inspections will be regularly carried out by independent inspection companies.
- **Information File:** Records of the above processes including information on product development and potential suppliers must be properly documented.

The contracts for tendered supplies have to be authorised by the TBC Executive Director, or in the Executive Director's absence by the Deputy Executive Director/ Head of Finance / Thailand Program Director.

### **3. Direct Purchase:**

Direct purchase is applied for any purchase value under 600,000 baht (USD 20,000). It involves less complicated procedures in comparison to the tendering and the competitive purchasing methods. The key considerations for the direct purchasing include: 1) fair competition, 2) economic/reasonable prices possible, 3) selections of the best *value for money*, 4) proportionality between the procedures applied and the purchase values, and 5) proper documentation.

TBC has two main thresholds for direct purchasing based upon the values of purchases. The following thresholds involve different sets of document/procedural requirements.

#### **3.1 Purchase value 60,000 to 600,000 Baht**

All purchases from 60,000 to 600,000 Baht are subject to the following requirements:

- Minimum 3 bids, or sound reason documented why less than three bids could be elicited. A summary of verbal quotations or catalogue comparison is acceptable if written quotes are not available.

- Purchase Request.
- Purchase Order

### **3.2 Purchase value less than 60,000 Baht**

There are no formal requirements for purchases valuing 60,000 Baht or less. However, sound purchasing practices must be followed for any purchases under this category.

Wherever possible, some price comparisons (i.e., different supplier prices or market prices) should be acquired. Written supplier quotations and purchase orders are preferable but not required. If there are no written quotations available, any verbal offers will be documented.

### **4. Single Quote:**

Single quote means purchases of supplies from a single supplier at the quoted price. This is the least preferred method and shall only be used on exceptional bases and at TBC's discretion. The order may be placed on the basis of a single quote in the following cases:

- Purchase orders have a value below 60,000 baht.
- There is a need to urgently purchase supplies in response to a primary emergency situation.
- Only one tenderer or no tenderers submitted a bid in response to TBC's tender or competitive purchase procedures. This is under the condition that the original terms of the contract are not substantially altered, and that specific donor regulations allow.
- It is not possible to obtain two quotes under the direct purchasing procedure. This might be due to physical availability of required supplies and/or logistical hindrance to deliver supplies to a specific area.
- There is a technical reason connected with the protection of exclusive rights.
- The extension of contracts, which were awarded under the tendering procedure, and/or the repetitive orders of supplies/services procured under the direct purchasing procedure (with minimum 3 quotations acquired originally). This is under the conditions that the terms of the original contracts/purchases are not substantially altered, that the period from the award of the first contract or purchase shall not be longer than one year, and that specific donor regulations allow

In terms of procedure and documentation requirements, all purchases under the Single Quote category shall apply the same value thresholds as those applied for Competitive Purchasing and Direct Purchasing.

In addition, it is important to have some written note stated in Purchase Request (or Purchase Order if value under 60,000 baht) with the reasons why single quotation is applicable for a particular purchase.

## **B. Approval Authorities:**

This section defines the levels of authorisation required for procurement of supplies and services for TBC programme by separating into the authorisation of 1) Purchase Request, 2) Purchase Order, and 3) Purchase Contract.

### **1. Authorisation Schedules for Purchase Request (PR)**

The authorisation of the Purchase Request is the key approval stage of supply procurement. It is the responsibility of the authorised personnel to ensure that:

- The information contained in the PR is completed, and the procedure taken meet TBC's procurement policy.
- Funds are available to cover the cost of the requested purchase.

The TBC's authorisation schedule is shown in Table 2 on page 11. The levels of required authorisation depend on the financial commitment of the purchase or contract. The signatory requirement is also separated into two categories by the type of the required supplies: 1) camp, other programme and office supplies, and 2) fixed assets and equipment.

### **2. Signing Authority for Purchase Order (PO)**

The approved Purchase Request will be passed to the Bangkok Supply Chain and Logistics office or the Field Office(s) for processing the purchase. With the completed and signed PR, the Purchase Order can be signed by the Deputy Executive Director or an authorised alternate member of management, the appropriate Field Coordinator or Programme Manager/Specialist, or by Management.

### **3. Approval Authority of Purchase Contract**

Any purchase contracts regardless of purchase value must be signed by the TBC Executive Director, or in the Executive Directors absence, by the Thailand/Myanmar Programme Director, Head of Finance (Depend on the TBC's Board of Directors assignment).

The above authorisations are applicable for purchase approval only. Separate authorisations applying to payment approval are listed in the TBC Financial Procedures Manual.

**Table 1: TBC's Procurement Methods Applied**

<b>Thresholds</b> (contract / purchase value in <i>Thai Baht</i> )	<b>Procurement Methods Applied</b>	<b>Requirements:</b>
Over 600,000	Tendering	<ul style="list-style-type: none"> <li>▪ Open Tender with International and Local Publication</li> <li>▪ Written Invitation to Tender</li> <li>▪ Sealed bid process</li> <li>▪ Supplier evaluation</li> <li>▪ Procurement Committees' decisions or recommendations</li> <li>▪ Contract awarded</li> </ul>
Over 600,000	Competitive Purchasing	<ul style="list-style-type: none"> <li>▪ Minimum 3 supplier written quotes if possible (sealed bids if specific donor regulations require)</li> <li>▪ Supplier evaluation required (i.e., factory visit, information files)</li> <li>▪ Procurement Committees' decisions or recommendations</li> <li>▪ Contract awarded</li> </ul>
60,000 – 600,000	Direct Purchase	<ul style="list-style-type: none"> <li>▪ Minimum 3 bids if possible – may be summary of Verbal Quotes or catalogue comparisons</li> <li>▪ Purchase Request</li> <li>▪ Purchase Order</li> </ul>
Less than 60,000	Direct Purchase	<ul style="list-style-type: none"> <li>▪ No formal requirement. Sound purchasing practices must be followed.</li> </ul>
Over 60,000	Single Quote	<ul style="list-style-type: none"> <li>▪ Single Quote only allowed for purchase of supplies with technical exceptions of the above categories</li> <li>▪ Written Quotation <b>and/or</b> Purchase Request (PR) required depending upon value of purchases.</li> <li>▪ Written note (may state in PR) stating technical reasons that justify single quote.</li> <li>▪ Purchase Order</li> </ul>

**Table 2: The Standard TBC Authorisation Schedule**

<b>Authorised Personnel</b>	<b>Camp and Other Programme &amp; Office Supplies</b>	<b>Fixed Assets &amp; Equipment</b>
Executive Director (Delegated Senior Management member e.g. Deputy Executive Director, Head of Finance)	Over 600,000	Over 60,000
Management (Executive Director, Deputy Executive Director, Head of Finance, Thailand Programme Director)	60,000 – 600,000	10,000 – 60,000
Field Coordinators Programme Managers/Specialists	Under 60,000	Under 10,000

**Remarks:**

1. Authorisation Schedule defines the level of authorisation required for the approval of Purchase Request (PR).
2. With the PR approved by authorised personnel, the Purchase Order (PO) can be signed by the Deputy-Executive Director or an authorised alternate member of management- Executive Director, Head of Finance, Thailand Programme Director or Field Coordinator or Programme Manager/ Specialists.
3. All Approvals requiring a deposit payment to be made must be countersigned by Head of Finance.
4. No formal requirement for Purchase Request (PR) for any purchase value under 60,000 Baht. However, sound purchasing practice must be followed.

## **C. Documentation:**

All procurement activities must be properly and transparently documented. This section clarifies the three important purchasing documents mentioned earlier in this chapter. These consist of Purchase Request (PR), Purchase Order (PO), and Purchase Contract.

### **1. Purchase Request (PR)**

The Purchase Request (PR) is an internal document used by TBC. Any TBC staff may initiate a request to purchase using the PR. The purpose of the PR is to:

- Indicate the required supplies and services.
- Document a summary or comparison of supplier offers.
- Provide an estimated maximum value of purchase.
- Document an approval to purchase.

#### ***Format:***

PR should be filled in the TBC standard form (see Appendix 1). However, an email correspondence can be used as PR providing that it contains the following information:

- The required supplies or services
- Reasons for purchase
- Comparison of supplier quotes obtained (and reasons if single quote is used)
- Maximum value for which approval is requested
- An approval signature or email response from an authorised personnel.

The approved PR should be attached with PO and delivery/receipt documents (if any) and passed to Finance office, one copy is filed at the procurement office or field office(s) that carry out the purchase, and another copy is retained by the requesting officer for reference.

### **2. Purchase Order (PO)**

The Purchase Order is the document confirming all details of a purchase. PO is issued by TBC to a supplier. Once accepted and signed by the supplier, PO serves as a legal commitment between TBC and the supplier.

PO should at least include name and address of TBC and supplier, sequence number, details of the required product, quantity, unit price, total purchase value, delivery date, place of delivery, terms of payment, and TBC's authorised signature.

#### ***Format:***

PO should be generated in TBC's QuickBooks accounting system. The PO generated in QuickBooks will be in TBC's standard computerised format with running serial numbers which enables tracking, further recording of receipt and payment, and report summarising.

The signed PO is passed to the Finance Office for payment purpose; a copy is retained at the Bangkok Supply Chain and Logistics office or Field Office(s) for reference.

### 3. Purchase Contract

The Purchase Contract is the document that contains all details of a purchase including the terms and conditions agreed by both parties. A purchase contract serves as a legal agreement between TBC and the supplier.

A contract is used by TBC for any purchase by the open tender and when a simple PO cannot include sufficient information or documentation required of the purchase agreement. A contract can be used instead of PO for a purchase with high value or with special requirements and conditions.

The purchase contract should state at least the following details:

- Parties involved
- Contract Date
- Quality specification
- Quantity
- Price
- Packing
- Delivery requirements
- Inspection (*if required*)
- Terms of Payment
- Penalty Clauses
- Other conditions/clarifications such as rules, warranty, special requirements, etc.
- Signatures by contract parties

***Format:***

A contract should be in printed letter format. To be legally valid, the contract must be signed by both parties. Two original contract documents are normally required; one sent to supplier and the other retained by TBC Bangkok Supply Chain and Logistics office.

Following the issuance of a purchase contract, Purchase Order(s) must be generated in TBC's QuickBooks' programme for computerised tracking purpose. The signed PO is passed to the Finance Office for payment; a copy is retained at the Bangkok Supply Chain and Logistics office or Field Office(s) for reference.

**Other Related Documents:**

In addition to the above three documents, TBC employs other procurement documents and forms especially for those in relation to tendering procedure. The explanation and/or example of those documents and forms is provided in Chapter 2: Tendering Procedure.

A purchase transaction is completed when goods are delivered and checked, and a payment is arranged to the supplier accordingly. Therefore, in addition to PR, PO, and/or Contract, the full documentation of purchase shall also include documents on goods delivery and/or receipt, supplier invoices, and payment. Chapter 3 of this manual provides more explanation regarding delivery, receipt, and payment. The full details of the delivery, receipt, and payment procedures are available in the TBC Financial Procedure Manual.

***Related Documents:***

Appendix 1: Purchase Request (PR) - Form

Appendix 2: Purchase Order (PO) - Form

Appendix 3: Purchase Contract – Sample

**D. TBC Procurement Committee:**

The Procurement Committee is responsible for:

1. The opening of the Bids
2. Evaluation of Bids and Recommendations

TBC’s Procurement Committee is comprised of TBC staff from various functional areas who are responsible for, or are involved in the supply procurement, delivery and distribution, contract monitoring, quality control, and grants management. The following are qualified to sit on the committee:

<b>Function</b>	<b>Member</b>	<b>Alternates</b>
Programme Management	Thailand Programme Director	Executive Director, Deputy Executive Director
Support Management	Head of Finance, Deputy Executive Director	Senior Finance Manager, HR Supervisor, Head of Program Development and Quality Assurance, Program Development and Quality Assurance Officer
Procurement	Supply Chain Solutions Manager	Deputy Executive Director
Field Office (where practical)	Field Coordinator	Field Operation Support team member
Technical (where relevant)	Specialist	

There must be at least three committee members or alternates in attendance for all processes/meetings to be valid. In the meeting to evaluate bids and discuss recommendations, there must be at least one representative from each of Programme Management, Support Management and Procurement functions. Where it is not practical for the Field Coordinator or Specialist to attend the meeting, they should be given the opportunity of giving recommendations to Committee Members prior to the meetings. There is no limit to the number of the above qualified staff attending any particular committee meeting.

The role of the Committee is to fully represent TBC and ensure a fair and transparent process of purchasing and tendering. This includes taking part in TBC’s tendering process and competitive purchasing in relation to bid evaluation, vendor selection, and contract award.

All members taking part in the meeting are required to sign a Declaration of Impartiality, Objectivity and Confidentiality. (Appendix 31).

## Chapter II: TBC Tendering Procedure

This Procurement Manual focus on the TBC’s tendering, as the core procurement method that accounts for above 70 percent of TBC’s supply purchase value. This Part explains the tendering procedure applied by TBC. Starting by listing the types of camp supplies which are tendered for and explaining TBC’s tendering schedule, the tendering procedures are described in detail in the rest of the chapter including all necessary requirements and criteria. For all of these, TBC takes into consideration the procurement principles set out earlier and the compliance of the procedures applied to donors’ requirements and policies.

### A. Supplies Tendered for:

Normally supplies are subject to open tender or competitive purchase as in Table 3 below. In exceptional circumstances, additional food and other items are open to tender or competitive purchase:

**Table 3: Items Tendered for vs. Competitive Purchase**

<b>Open Tender</b>		<b>Competitive Purchase</b>
Regular Supplies (monthly or stockpile delivery)	Annual Supplies (delivery once a year)	
<u>Food:</u> - Fortified flour -  <u>Cooking Fuel:</u> - Charcoal	Building Materials: Eucalyptus Poles- Plastic Sheets	<u>Food</u> - IDP camps  <u>Non-Food:</u> - Bamboo - Roofing materials - Visibility items - Others ( <i>miscellaneous</i> )

## **B. Tendering Schedule:**

The procurement unit in the TBC Bangkok office is responsible for producing the TBC's Tendering Schedule. In consultation with the programme team, the Tendering Schedule is planned and developed on a yearly basis and can be revised during the year if necessary. The Tendering Schedule provides the time line for each step of TBC's tendering process and gives appropriate inputs regarding:

- Types of supplies tendered for
- Contract periods
- Deadlines for calling bids, closing bids, Procurement committee meeting, and awarding contracts
- Delivery period and frequency

The length of contracts for monthly supplies varies. Some camps have to be stockpiled with up to eight months supplies prior to the rainy season, when access roads to camps can be impassable for supply trucks. Otherwise, contracts cover a maximum of six months supplies because:

- market price fluctuation of major commodities makes it difficult for suppliers to maintain contract prices for a longer period of time,
- less risk to TBC if a contract is awarded to a new supplier, or to a supplier who does not comply with the contract,
- to keep expenditure commitments within funding constraints.

For most supplies TBC is able to tender and contract for regular camp supplies twice a year per camp. However, when market prices of some items are or are expected to be unstable contract periods can be reduced, in the worst case to one month.

### ***Related Documents:***

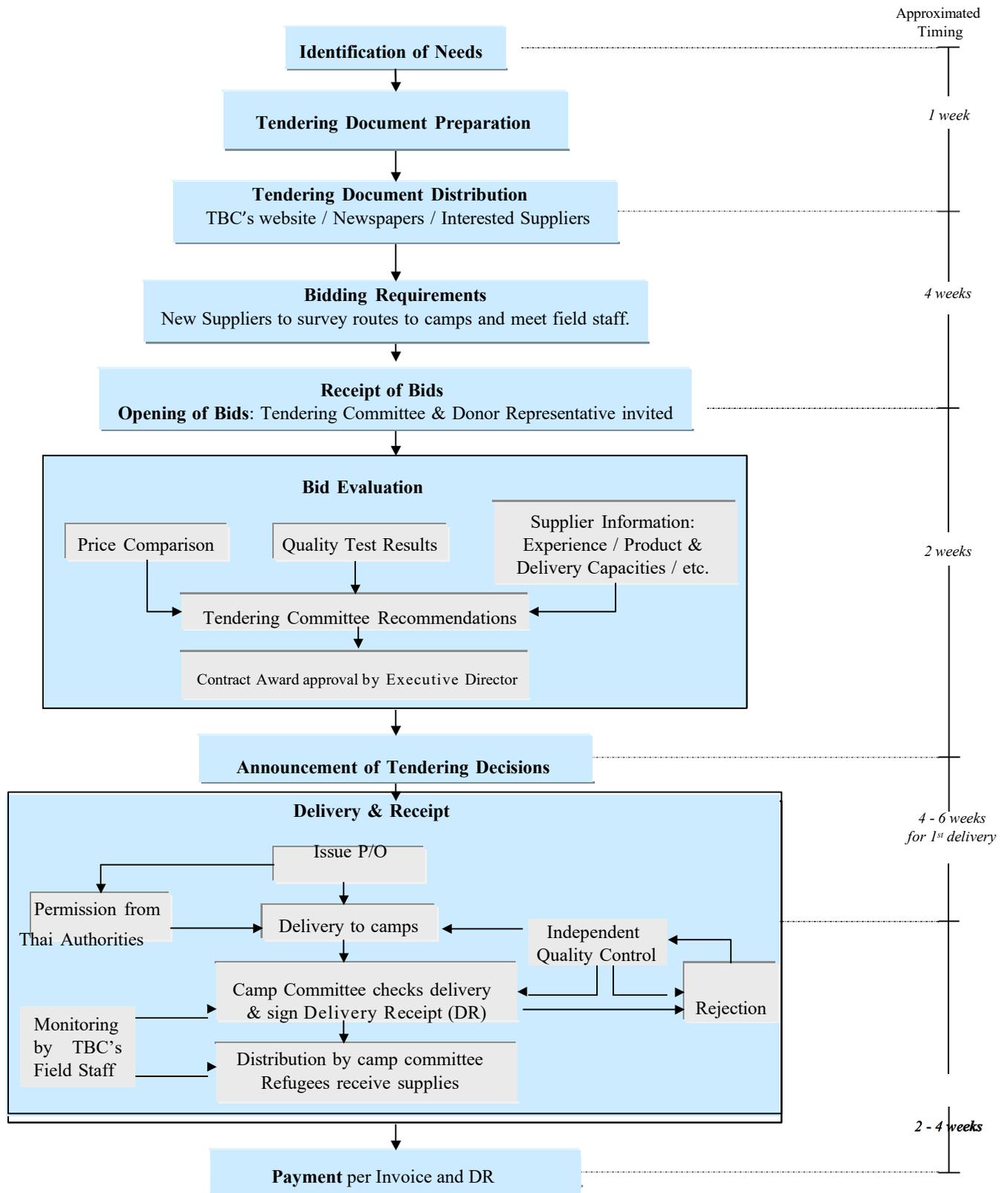
Appendix 4: TBC's Tendering Schedule 2020

Appendix 5: TBC's Tendering Schedule 2021

## **C. Tendering Procedure:**

TBC's tendering means an open tender procedure where all interested suppliers submit bids in response to a publication of a tender notice. The chart on the next page outlines TBC's Tendering and Quality Control Procedure by listing all of the key processes and the approximated time line. The explanation of each tendering procedure is provided in detail in the remainder of this chapter. The next chapter describes the post-tendering/purchase procedures, which include delivery, quality control, receipt, and payment.

# TBC Tendering and Quality Control Procedure



## 1. Identification of Needs

The need identification process, for TBC, involves the calculation of the supply quantity requirement expected for the contract period for which TBC will tender.

The Tender Request - Quantity Authorisation Form is used to calculate the quantity of supplies to be tendered for each contract period. The procurement unit in Bangkok is responsible for completing the form, which subsequently is verified by either the Thailand Programme Director or Field Coordinator or related authorize person and approved by Deputy Executive Director or Head of Finance, or in their absence by a nominated representative.

Table 4 below provides the list of inputs for calculating needs including the sources of inputs acquired.

**Table 4:** *Inputs for Need Identification and the Sources of Inputs*

<b>Inputs</b>	<b>Sources</b>
A. Updated Verified Caseload population figures for each camp.	TBC Monthly Population Report (MPR)
B. Expected changes in population during contract period ( <i>e.g., to project the middle of contract needs</i> ). Forecast from Head of Finance	Past population records, the recent border and camp situation, etc. Budget, Resettlement estimates
C. Multipliers (or rations) for each commodity	TBC Programme Guidelines
D. Quantities required for Extra Needs ( <i>under TBC's Camp Management Project</i> ), - Supplementary feeding, etc. - Reserved quantity for emergencies, if required	Pre-determined or updated by Programme Unit/ Head of Finance
E. Consumption period ( <i>number of months</i> )	TBC Tendering Schedule, reviewed by Supply Chain Solution Manager
F. Delivery period/frequency ( <i>length of delivery: the number of months needed for deliveries</i> )	TBC Tendering Schedule, reviewed by Supply Chain Solution Manager

### ***How to calculate the needs:***

#### **Formula:**

Needs per month (N): 
$$N = [(A * B\%) * C] + D$$

Estimated total contract quantity (Q): 
$$Q = N * E$$

Estimated quantity delivered per delivery month (R): 
$$R = Q / F$$

For food and cooking fuel, which are sent to camps on a regular basis, the quantity outputs from the calculations of needs normally becomes the contract quantity. However, these quantities are identified in TBC's tendering documents as estimated numbers only. TBC usually awards contracts for these commodities based on the estimated need quantities. Both

tendering and contract documents for these commodities specify the condition that the exact quantity and delivery period is confirmed with suppliers in the form of an Official Purchase Order, which is sent to suppliers at least 10 days prior to the required delivery dates. In addition to securing the contract prices, there is a condition in the documents that requires suppliers to maintain the same price for any additional quantity of up to 10% more than the estimated quantity shown in the tender and contract.

***Related Documents:***

Appendix 6: Tendering Request - Quantity Authorisation - Form

Appendix 7: TBC Monthly Population Report (MPR) - Sample

Appendix 8: Standard Rations & Multipliers of TBC's Major Commodities

## **2. Tendering Document Preparation**

After the tendering timetable is set and needs identified, the next step is to prepare the tendering documents. The Procurement Unit in Bangkok is responsible for preparing the tendering documents.

For regular supplies tendering (food items and cooking fuel), the tendering documents comprise a set of 4 documents as follows:

1. Invitation to Tender (*one document per commodity*)
2. Delivery Schedule (*one document per commodity*)
3. TBC Official Bidding Form (Form 001) (*one document per commodity*)
4. Attachment to the Invitation to Tender (*one document for all commodities and tenders with the same tendering timetable*)

Each tendering document has an attached Thai translation.

An Invitation to Tender, Delivery Schedule, and Bidding Form 001 contain specific information and requirements for each particular product. The Attachment to the Invitation to Tender describes general information on the bidding procedure, delivery requirements, payment, selection criteria, etc. For a given tender, the Attachment to the Invitation also specifies a specific time schedule. The documents are posted on the TBC website, so that potential bidders can download them. Table 5 provides a list of information that TBC's tendering documents contain or shall contain:

**Table 5: Tendering Documents and Details included**

<b>Documents:</b>	<b>1. Invitation to Tender</b>	<b>2. Delivery Schedule</b>	<b>3. Bidding Form 001</b>	<b>4. Attachment to Invitation to Tender</b>
Details Included:	<ul style="list-style-type: none"> <li>- Tender Number</li> <li>- Supply tendered for</li> <li>- Camps/delivery place</li> <li>- Contract period</li> <li>- Product specification</li> <li>- Quantity</li> <li>- Packing requirement</li> <li>- Quote terms / units</li> <li>- Samples required</li> </ul>	<ul style="list-style-type: none"> <li>- Consumption period</li> <li>- Delivery period</li> <li>- Delivery frequency</li> <li>- Destination location</li> <li>- Quantity per each delivery</li> <li>- Total quantity</li> </ul>	<ul style="list-style-type: none"> <li>- Company name</li> <li>- Contact details</li> <li>- Contact person</li> <li>- Quoted Price</li> <li>- Total cost</li> <li>- Quote validity</li> <li>- Terms of payment</li> <li>- Time needed to prepare delivery</li> <li>- Vendor signature</li> <li>- Quotation date</li> </ul>	<ul style="list-style-type: none"> <li>- Tender numbers, camps and products covered</li> <li>- Field office responsible</li> <li>- Bidding procedure</li> <li>- Bid closing date</li> <li>- Delivery conditions</li> <li>- Inspection conditions</li> <li>- Terms of payment</li> <li>- General background, rules, and warranty</li> <li>- Criteria for bid evaluation and awarding contracts</li> <li>- Ineligibility criteria</li> <li>- TBC contact Information</li> </ul>

Tendering for annual supplies (building materials, etc.) for which delivery frequency and requirement, and bidding procedure are less complicated, the number of tendering documents can be reduced but should have at least the Invitation to Tender and the Bidding Form and should contain all necessary details, terms, and conditions set out in Table 5.

With respect to the principle of transparency, it is important that the criteria for selection and awarding contracts as well as the exclusion criteria of ineligible tenderers are announced in advance by including these in tender documents (*See 7.1 Eligibility Criteria and 7.2 Awarding Criteria*).

***Related Documents:***

Appendix 9: Invitation to

Tender - Sample Appendix 10:

Delivery Schedule - Sample

Appendix 11: TBC Bidding Form

(001) - Form

Appendix 12: Attachment to Invitation to Tender - Sample

**3. Tendering Document Distribution**

TBC posts open tendering documents on the TBC website for download.

The announcements for tendering are posted on the TBC website and placed in newspapers. These advertisements state key information about the tenders such as commodities tendered for, quantity, camps or delivery places, delivery period, contact information, and deadline.

As for the newspaper channel, TBC normally places tendering announcements in two reputable newspapers, one in English and one in Thai. Interested suppliers are required to contact TBC’s Procurement Unit in

Bangkok to get more information and download tendering documents from the website.

Interested suppliers are sent an email advising them of the posting of a new tender on the website. Interested suppliers include current suppliers who are having business with TBC, previous suppliers who used to have business with TBC, and new suppliers who have never had business with TBC but have shown their interest.

***Related Documents:***

Appendix 13: Tendering advertisement on website - Sample

Appendix 14: Newspaper advertisement - Sample

**4. Bidding Requirements**

In order to acquire inputs necessary for making contract decisions, TBC requires suppliers to provide documents, information, and samples with their bids, and in some cases, to do some prior survey prior to bid submission. TBC's bidding requirement takes into account the "best value for money" concept, the selection criteria, and the eligibility criteria which are specified in this manual (*See 7 Bid Evaluation.*)

TBC requires all tenderers to submit:

- The TBC standard bidding form with price quotation and period validity.
- A copy of their Company Registration document.
- A copy of Passport/Identification card of the authorised person who signs TBC's bidding form and whose name is shown on the company's registration documents and/or letter of authorisation.
- Product samples as required and/or in some cases packaging samples to show the quality of supplies and packaging that suppliers plan to deliver if they win a contract.
- A letter of authorisation is also required if the name of the persons who sign their names in the TBC bidding form are different from the name of the persons specified in company registration documents.

Other documents may also be required:

- Supplier Profile Form to provide information necessary for the judgement of suppliers technical and production capacity. This is required only from new suppliers or for commodities for which the supplier has not previously tendered.
- A verified financial statement (showing 6-month transaction history), or comparable proof that suppliers have financial capacity to handle production and delivery prior to receiving payment, given that TBC payment terms are 30 days after submission of invoices and proof of delivery. This is required only from new suppliers, but TBC may require current or previous suppliers to submit a current bank statement prior to a new contract award.
- A signed Code of Conduct Declaration Statement, to ensure supplier's conformity to the Code of Ethics for Contractors and Sub-contractors (*see Chapter IV. B*) This is required unless the same Statement has been signed and dated within 12 months prior to the closing date of the bid.

#### 4.1 Specific Bidding requirements for regular supplies:

Regular supplies include mainly food items and cooking fuel, which are sent to camps on a regular basis. For the usual supplies, TBC generally requires its contractors to arrange delivery directly to camp warehouses. Due to the distance and the difficult camp locations for most of the refugee camps, it is imperative that new bidders obtain adequate understanding and information on the delivery factors in order to quote their bidding prices. In addition, the perishable nature of food supplies and the frequency of delivery mean that product quality, experience, and service factors must be taken into account as well as price. TBC therefore includes the requirement of all bidders for regular supplies to see the road conditions and meet with related TBC field staff prior to submitting bids.

**Table 6:** TBC’s Bidding Requirements for Suppliers

<b>Current / Previous Suppliers / Bidders who have been to camps &amp; met field staff before</b>	<b>New Suppliers</b>
<p><u>Bid Submission:</u></p> <ol style="list-style-type: none"> <li>1) Quotation to be completed on TBC Bidding Form 001 only. Bids to be submitted either in sealed envelope or the dedicated e-mail.</li> <li>2) Copy of company’s registration document.</li> <li>3) Letter of Authorisation, if necessary.</li> <li>4) Product samples where required.</li> <li>5) Up to date (within 12 months) signed Code of Conduct for TBC Representative.</li> </ol>	<p><u>Prior to Bid Submission:</u></p> <ol style="list-style-type: none"> <li>1) New suppliers must survey the routes to camp entrances prior to submitting bids.</li> <li>2) New suppliers must meet TBC field staff in the area responsible prior to submitting bids.</li> </ol> <p><u>Bid Submission:</u></p> <ol style="list-style-type: none"> <li>3) Quotation to be filled in on TBC Bidding Form 001 only. Bids to be submitted in sealed envelopes.</li> <li>4) Copy of company’s registration document.</li> <li>5) Letter of Authorisation, if necessary.</li> <li>6) Product samples where required</li> <li>7) Financial Statement showing 6-month transaction history, or comparable proof of financial capacity.</li> <li>8) Up to date (within 12 months) signed Code of Conduct for TBC Representative.</li> </ol>

## **4.2 Tender Lead-time:**

The tender lead-time should provide interested bidders with sufficient response time to prepare quotations, samples and fulfil the bidding requirements described above. The closing date and time of TBC's tender is normally scheduled for approximately one month after the tender announcement. For regular supply tendering, affords new or interested bidders two weeks to respond or contact TBC and another two weeks to survey the routes and other logistical aspects to camps, and to prepare for the offers. The lead-time should be at least 3 weeks for annual supply tendering. Where market prices are unstable, or where a re-bid is necessary the tender lead-time can be reduced.

## **5. Reception of Bids**

A formal practice must be applied by related TBC staff when receiving bid offers. The guidelines are as follows:

- Bid offers must be received at the designated place and time. Bids received after the closing deadline are not considered valid.
- Bids must be immediately sent or brought to the staff assigned to receive bids.
- Bid quotations are required to be submitted either in sealed envelopes or the dedicated e-mail.
- For bid samples, it is acceptable for bidders to submit without seals. However, if samples are submitted by post or in sealed packages, staff must not unpack the packages prior to the official opening of bids.
- When bids are received, receiving dates, the names of suppliers, bid submission method, and the name of the staff receiving bids are recorded. At the opening of the bids the Thailand Programme Director or in his/her absence by nominated representative must sign in the "Receipt of Bid Form" to verify that all bids were sealed prior to the official opening.
- Both bid quotations and samples must be kept safely until the official opening.

### ***Related Documents:***

Appendix 15: Receipt of bid - Sample

## **6. Opening of Bids**

Immediately after the bid closure deadline, an official opening of the bids is arranged, preferably within the same day or on the next business day after the bid closure. To ensure that the bid opening process is handled transparently and that bidding information is handled properly by related staff, this section describes the list of people attending, including their roles in the official opening and the rules on bid information:

### **6.1 Opening of Bids: Attendees**

#### **a) TBC Procurement Committee**

There must be at least 3 members of the Procurement Committee present at the opening of the bid, for the opening process to be considered valid. The responsibilities of the Procurement Committee at the bid opening consist of:

- Unseal bid envelopes
- Check if bid forms have been filled out correctly and are valid
- Record bids on the Opening of Bids Form
- Decide what action to take if anything is unclear about the bids received
- Check if samples are submitted according to bidding requirements
- After all bids are recorded, check and sign as witnesses the Opening of the Bids document.
- Provide a copy of the Opening of Bids to any donor representative witnessing the opening process.

#### **b) Representative from Donor Organisations**

If the supplies tendered are funded by particular donors who have offices in Bangkok, TBC invites the donors' representatives to come and witness the opening of the bids. The representatives attending observe the process. After all bids are recorded, the donor representatives are requested to sign as a witness the Opening of Bids and a copy of this document is given to the representatives at the end of the process. The representatives who are regularly invited to the opening of the bids include those from the International Rescue Committee (IRC) (grant-holder for US Government and Australian Government funding).

#### **6.2 After bid-closing rules:**

- Bidders are not allowed to change the quotations/offers after the closing.
- Any bidder may inform or may be requested to clarify some aspects or information about an offer. For example, suppliers may be requested to provide additional information on product sources, capacities, or their plans for delivery logistics. This is under the strict condition that no change in substance or price of the offer shall be sought, offered or allowed.
- Prior to contract award, no information relating to bid offers such as names of bidders, relative standing, etc. can be revealed to other bidders or anyone who is not directly related to the evaluation process.
- After the contract has been awarded, the name of the successful bidder may be given. However, under no circumstances is any bidder's confidential information disclosed to another supplier.

#### ***Related Documents:***

Appendix 16: Opening of the Bids - Sample

## **7. Bid Evaluation & Contract Award**

The next process following the opening of bids is bid comparison and evaluation. The purpose of this process is to collect, compare, and evaluate all necessary information in order to determine the best acceptable offer. The starting point of this evaluation process takes place immediately after the opening of bids. The output from the evaluation is the recommendation from the Procurement Committee to be passed to TBC Executive Director or Assigned Director for the final step, which is contract award.

The bid evaluation process is conducted in compliance with the principles of transparency and equal treatment to all tenderers and candidates. In addition, care is taken to avoid conflict of interest.

### **7.1 Eligibility Criteria**

The first stage of the bid evaluation procedure is to determine if participants are eligible to be TBC suppliers. With respect to some donors' regulations, TBC takes into consideration the two rules regarding: a) Ineligibility criteria and grounds for excluding candidates, and b) The rule on nationality and origin.

#### ***a) Ineligibility criteria and grounds for excluding candidates:***

TBC excludes tenderers from participation in the procurement procedure or terminates their contracts if:

- They have engaged in corrupt, fraudulent, collusive or coercive practices.
- They have been involved in the exploitation of child labour.
- They have disrespected basic social rights and safe working conditions of their staff.
- They are bankrupt or are being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations.
- They have been guilty of grave professional misconduct proved by any legal means which TBC can justify.
- They have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the contracting authority or those of the country where the contract is to be performed.
- They are subject to conflict of interest.
- They are guilty of misrepresentation in supplying the information required by TBC as a condition of participation in the contract procedure or fail to supply this information.
- They are in any way connected with, benefiting from or engaged in any form of illegal drug trafficking activity or illegal sex work activity.

***b) The rule on nationality and origin:***

Because TBC receives funding from various organizations, TBC is required to abide by the rules and regulations set forth by these organisations. Some of these organisations have set conditions for the origin of tendered products and services and the nationality of those individuals/organisations involved in the tendering process. These conditions must be met; failure to meet these conditions may render a tender offer ineligible and/or a contract invalid.

**7.2 Selection / Awarding Criteria**

Contracts are awarded to suppliers by TBC on the basis of Best Value for Money. This means that, in an evaluation of bids, TBC takes into consideration quality factors as well as price in order to determine offers that represent best value for money. When evaluating bids, the criteria that will be taken into account, will include, but will not necessarily be limited to:

- Price
- Product quality
- Proven ability to meet quality specifications
- Financial capacity
- Proven ability to meet delivery schedules
- Production capacity
- Experience especially in delivering humanitarian assistance
- Knowledge of local working conditions
- Proximity of operational base to the area
- Compliance with international norms
- Signed Code of Conduct Declaration within last 12 months

To provide clear information to suppliers on how bids will be considered, the bid evaluation criteria are stated in the tendering documents which are sent to suppliers (See page 6-7 of Appendix 12).

**7.3 Inputs for bid evaluation**

The Value for Money concept means that price information alone is insufficient for TBC to make a sound decision. The evaluation criteria, as stated in 7.2 lead to the determination of inputs that TBC requires for bid evaluation and contract award.

After the opening of bids, the following action is taken in order to provide the necessary evaluation inputs to the Procurement Committee.

- Price: Quotation tabulated and Bid Comparison sent to Procurement Committee members.
- Product Quality: Product samples may be sent to inspection companies to determine whether they meet the specification or not. This is not necessary for suppliers with

current contracts, for re-bids, or where a contract award needs to be made urgently. However, the Contract supplies will be subject to quality inspections.

- Proven ability to meet quality specifications: History from Inspection reports.
- Financial capacity: Bank statements.
- Proven ability to meet delivery schedules: Previous experience.
- Production capacity, Experience, Knowledge of working conditions, etc: Information normally recorded on Supplier Profile distributed to Procurement Committee members after the Opening of Bids or prior to the committee meeting. The information on the above aspects may derive from:
  - Suppliers: by talking or asking them questions
  - TBC staff by getting opinions/feedbacks from staff who handled contracts with particular suppliers.
  - TBC staff visits to suppliers' facilities

***Related Documents:***

Appendix 17: Bid Comparison - Sample

Appendix 18: Test Results of Tendering Samples - Sample

Appendix 19: Supplier Profile - Sample

#### **7.4 Evaluation of Bids**

Based on the evaluation inputs and criteria described above, the Procurement Committee meets, discusses, and evaluates the bids offered. The purpose of the meeting is to determine which offers/quotation represent the best value for money. The output from the Procurement Committee meeting is the recommendation, which will be passed to TBC Executive Director or Assigned Director for awarding the contract.

The Committee recommendations include the name of the suppliers recommended, the types of commodities, the camp destination, and prices for which contracts will be awarded. In addition, the results from the Committee meeting also provides a clear justification for the selection of suppliers. Especially if the recommended bid is not the lowest bid, reasons are documented on what basis a particular supplier is recommended.

There must be at least three members of the Procurement Committee attending this meeting to be considered valid with at least one representative from each of Programme Management, Support Management and Procurement.

All members taking part in the meeting are required to sign the Declaration of Impartiality, Objectivity and Confidentiality - (Appendix 31).

#### **7.6 Contract Award**

After the Procurement Committee meeting, the evaluation team prepares an evaluation report that shows the comparison and evaluation of all bids. This also explains the key factors that lead to the final recommendation for awarding contracts. If the lowest bid is not recommended, some clear and specific reasons are noted for the selection of a higher price offer. The evaluation report comprises Evaluation of Tenderers and Evaluation of Tender/Contract Award. The form is required to be signed by all members at the meeting.

The evaluation form is presented to TBC Executive Director who then awards the contracts normally in accordance with the Committee recommendation. If there are any questionable issues, or if the output from the Committee meeting does not represent a unanimous recommendation, the Executive Director or Assigned Director will make the final decision based on consideration of key factors.

### **7.7 Issuance of Purchase Contract**

After contract award, the Procurement office in Bangkok is responsible for issuing purchase contracts to suppliers. The purchase contract must be in a written document and include all necessary purchasing details, elements, and conditions that make the agreement legally enforceable. See more details about Purchase Contract in Chapter 1.

#### ***Related Documents:***

Appendix 20: Evaluation of Tender/Contract Award – Sample

Appendix 28: Declaration of Confidentiality and Non-Conflict of Interest - Sample

## **8. Announcement of Tendering Decisions**

After contract award, all Procurement Committee members, other related TBC staff, and suppliers are immediately informed of the decisions. The Procurement Unit in Bangkok is responsible for informing/announcing the tendering decisions to all people/ parties involved.

### **8.1 Inform Procurement Committee and related staff**

The final decision of the contract award should be informed to all members of the Procurement Committee and related TBC staff. To inform the awarding decision, the Procurement Unit in Bangkok uses the Tendering Results and Prices document, which contains information such as successful supplier, price, type of commodities, contract period, etc.

In addition, the new contract information, including prices and supplier information, is entered into the TBC QuickBooks Accounting System by the Bangkok Procurement Unit. The database will be used by various functional teams to develop purchase order, accounting, and financial report documents.

### **8.2 Inform suppliers**

Both successful and unsuccessful bidders are informed after the bid has been awarded. General reasons can be explained to unsuccessful suppliers as to why their offers were not selected. However, the exact awarding price shall not be revealed. In addition, it is not necessary to disclose the name of the winning bidder. TBC normally notifies all bidders by phone immediately after contract award, and despatches formal written notification.

### 8.3 Public Announcement

Public announcement of the awarding notice is the final process of tendering. The results of TBC tenders are published on the TBC website.

#### ***Related Documents:***

Appendix 21: Tendering Results & Prices (sent to Procurement Committee and related TBC staff)

Appendix 30: Notification of Unsuccessful Tender – Form

## 9. **Potential Issues with Tender/Contracts**

This section identifies some circumstances that might interrupt or prevent a successful tender. Some guidelines for responding to these problems are provided.

- 9.1) ***Issue - Suppliers withdraw their tenders or decline contract offering:*** This situation may occur particularly due to a rapid and significant fluctuation/increase in market prices of supplies, and suppliers cannot commit to the quoted prices. If only some suppliers withdraw their bids, the remaining bids from the original tender are considered for Contract award, provided the suppliers agree to maintain the original bid. If all suppliers withdraw bids, or the Procurement Committee considers the remaining bidders are unqualified or unsuitable, a new selection process must begin.

***Resolution:*** Re-open the tender by giving all qualified suppliers, who submitted the bids in the original tender, the same and equal opportunity to re-offer their bids. A new bid closing deadline must be set for revised sealed bids, and another written invitation, referring to the terms and conditions of the original tender, must be sent to these suppliers with any change(s) clearly identified. Any subsequent process after the closing of the bids must be according to the Tendering Procedure set forth in this Chapter. If there are no changes to product specifications, there is no need for suppliers to re-submit product samples.

By taking the above approach, the open tender method is still valid because all of the suppliers who responded to the original tender are re-invited (except for those considered by the Procurement Committees as unqualified or not meeting bidding requirements) and suppliers are still required to submit sealed bids. The process must be well documented.

- 9.2) ***Issue - TBC changes tender conditions and terms after the bid closing deadline:*** e.g., quantity, quality specifications, frequency of delivery, etc., which are identified in the tendering invitations. The causes of these changes can be insufficient budgets, ration changes, mistakes in quantity calculations, etc. These changes may affect the suppliers' quoted prices.

***Resolution:*** Contact all suppliers who submitted the bids to inform them of

the changes, and ask them whether they can maintain their prices. If all suppliers confirm to maintain the offered prices, the process can continue as normal.

However, if only one of them cannot maintain its price, taking into consideration a fair competition concept, all suppliers are offered the same opportunity to re-quote their prices. The same action as identified in the above 9.1) is followed.

**9.3) Issue - Only one or no tenderer submitting bid(s) in response to TBC's tender invitation:**

**Resolution:** In case of only one tenderer submitting a bid, the contract can be awarded to that particular supplier, if its bid meets TBC's bidding requirements and the offered price is considered reasonable. In case no supplier responds to TBC's tender, a competitive purchase process can be applied, but sealed bids may be required by specific donor regulations.

**9.4) Issue - All product samples that suppliers submitted with their bids fail to meet TBC's quality specifications:**

**Resolution:** If any supplier(s) who submits the bid has a proved ability to meet quality specifications for the particular product, the contract may be awarded to that supplier under the condition that the actual quality of supply delivered must meet the quality specifications. An independent quality control inspection is applied to ensure the quality of products.

If none of the bids meet the above consideration and the timing is not sufficient to re-start the tendering process, a contract can be awarded provided the supplier agrees to meet the contract specification.

**9.5) Issue - After announcing a tender invitation but prior to contract award, TBC has to cancel the tender, for example, due to insufficient budget:**

**Resolution:** A written notification is sent to all tenderers informing TBC's necessity to cancel the tender.

**9.6) Issue - Suppliers withdraw their contracts after having started supplies** This situation may occur due to a significant increase in market prices of supplies, or facing raw material shortages.

**Resolution:** The suppliers from the original tender are considered for contract award, provided the suppliers agree to maintain the original bid. If all suppliers cannot maintain bids, or the Procurement Committee considers the remaining suppliers are unqualified or unsuitable, an open tender process must begin. In case of urgent need and open tender processing time will not allow supplies to be distributed in time, direct purchase is applied.

## **Chapter III: Delivery, Receipt, and Payment**

This chapter explains the procedures, which usually take place after a contract is awarded. These procedures include delivery of supplies to camps, quality control inspections, monitoring by field staff, distribution and receipt of supplies by beneficiaries, and finally payment. Some of these procedures are related more to other functional areas of TBC and are already explained in other manuals (i.e., TBC Financial Procedure Manual and TBC Programme Guidelines).

### **A. Delivery & Receipt:**

Once needs are identified and supplies are procured, delivery and receipt are the important stages which lead to the completion of the supply chain. It is crucial to ensure that the delivery and receipt are handled properly and efficiently, and that TBC and the beneficiaries receive the correct quality and quantity of supplies. From the procurement perspective, the completion of supply delivery in the correct quality, quantity, and timing means that a supplier fulfils its contractual agreements with TBC and is therefore justified to receive payment. The effective procurement, delivery, and receipt also mean an effective use of donors' funds.

This section will start with the post-tendering processes which include the issuance of Purchase Orders and the acquirement of permission from Thai Authorities to deliver supplies to camps. Subsequently, the procedures that TBC applies in relation to delivery and receipt are explained. This also includes the control systems in place, such as quality and quantity control inspection, and monitoring checks by field staff. In addition, some guidelines for rejection and penalties are also explained.

#### **1. Issuance of Purchase Order**

For the supplies that are tendered for, a condition is stated in both tendering documents and contracts about an Official Purchase Order, which will be issued to suppliers after contract award. The Purchase Order is the document that provides a confirmation on the exact delivery period and supply quantity required for each delivery.

- Purchase Order for regular supplies tendered by camp (mainly food, cooking fuel, and building materials) will be issued by TBC field office responsible for a particular camp. TBC Field Administrator is responsible for issuing and sending purchase orders to suppliers.
- Purchase Order for supplies tendered for centrally (i.e., Fortified flour) will be issued by the Procurement Office at TBC Bangkok.
- Purchase Order is created in TBC QuickBooks Accounting System.
- Purchase Order is sent to suppliers at least 10 days prior to the required delivery dates.

- Purchase Order are checked and signed by TBC Field Coordinators, Specialists, Procurement Manager, or Management for the document to be legally valid.  
(See more detail about Purchase Order in Chapter I, C. Documentation)

***Related Documents:***

Appendix 2: Purchase Order - Sample

## **2. Permission from Thai Authorities**

According to the policy and requirement by Ministry of Interior (MOI), TBC has to acquire the MOI permission for all supplies that will be sent to camps.

- TBC Field Administrator is responsible for preparing the Request for Supply Delivery Permission. The document must state the type of supplies, quantity, camp destination, and delivery dates. The request submitted should be per the delivery period.
- The Request for Supply Delivery Permission must be passed to TBC Bangkok. The Administration Department staff in TBC Bangkok will check and assign a tracking number. The document must be signed by TBC Executive Director or Head of Finance before submitting for approval.
- This request document must be sent to the District Office and the Provincial Office where the refugee camp is located by TBC's Bangkok Administration Department. The District Office and The Provincial Office checks the request and confirms to MOI in Bangkok. The final Permission Letter is granted from MOI.
- To provide sufficient time for this approval process, the Request for Supply Delivery Permission should be sent at least 45 days in advance prior to the proposed delivery dates.
- The MOI permission letter is sent from MOI to TBC Bangkok. The Administration Department staff are responsible for passing the permission letter to related field office or notifying them if the request is denied or if there any problem is encountered.
- The Field Administrator is responsible for informing suppliers about the permission so the delivery can commence.

***Related Documents:***

Appendix 22: Request for Supply Delivery Permission - Sample

## **3. Independent Quality Control**

The purpose of independent quality control is to ascertain that TBC receives supplies according to the specification, quality, and quantity as ordered. TBC engages independent inspection companies to conduct quality control checks on major commodities including charcoal and fortified flour. In coordination with the Programme team, the Procurement office in Bangkok is responsible for planning and arranging for quality control inspection.

### 3.1 Criteria for Independent Inspections

To decide whether the independent quality control should be engaged depends upon the basic questions of *what, when, where, how often, and how*. The following section outlines the means of responding these essential questions:

#### **What:**

*What type of commodities should be checked?*

- Products with quality specifications that refer to international, market, or industry standards. A check by professional might be required to see if the quality of a particular product meets minimum standard.
- The quality of products cannot be checked only by visual examination. For example, chemical tests might be required for charcoal (heating value) and biological tests are required for fortified flour (micro-organisms), etc.
- Products that are perishable or need to be kept for a long consumption period.
- A product, or the raw materials or the production process of a product that has a high risk of contaminations, which are hazardous to human consumption/use.

#### **When / Where:**

*When & where the quality control inspection can take place?*

- Before/during on-loading at sources (factories/mills)
- During re-loading (at middleman's warehouse)
- During/after off-loading (at camp warehouses)

Most of TBC contract terms are for suppliers to arrange delivery to camp destinations. The ideal is to do checks upon arrival of supplies at the camp destination. However, there are some factors that limit this possibility, such as distance and accessibility to some camps, lead-time required by Thai authorities to grant access permission to inspectors, and the availability of TBC field staff, who have to accompany the inspectors, etc.

#### **How often:**

*More frequent checks should be arranged if:*

- Contracts are awarded to new suppliers
- Supplies from a particular supplier have problems (i.e., problems on quality, weight, quantity) in previous shipment
- There are some complaints about quality from beneficiaries (refugees, camp committees or warehouse staff)
- Market price of a given commodity fluctuates widely (suppliers might be tempted to send a poorer quality if their profit margin reduces due to market price increase)
- There is shortage of supplies / raw materials in the market, or if the supplies are seasonal.
- Requirements from donors.

#### **How:**

Table 7 below outlines how a commodity should be checked with some considerations:

**Table 7:** Quality Control Check List

<b>Check List:</b>	<b>Considerations:</b>
Random sampling percentage	<ul style="list-style-type: none"> <li>▪ Should be statistically represent the whole shipment.</li> <li>▪ Should be practical; target sampling quantity should be achievable considering limited time and resources.</li> </ul>
Quality	<ul style="list-style-type: none"> <li>▪ Should check according to product specification.</li> <li>▪ Poor quality supplies should be replaced. If failed test results arise after supply distribution, suppliers should be warned or penalised for the problem.</li> </ul>
Quantity, weight, volume	<ul style="list-style-type: none"> <li>▪ The aim is to find average net weight or volume per packaging, in order to calculate the total quantity delivered by suppliers.</li> <li>▪ Net weight is a result of gross weight after deduction of tare (packaging) weight.</li> <li>▪ Weighing scales/equipment should be regularly calibrated to ensure accuracy.</li> <li>▪ Suppliers will be financially penalised for weight shortages.</li> </ul>
Packing conditions	<ul style="list-style-type: none"> <li>▪ Packaging should be according to TBC's requirements and in a sound condition (clean and strong enough to protect the product inside, seal/opening not broken, etc.)</li> </ul>
Loading supervision	<ul style="list-style-type: none"> <li>▪ Should ensure that supplies are loaded properly. Arrangement on trucks can prevent product damages from transportation.</li> </ul>

### **3.2 Additional Guideline for Independent Quality Control**

- An Inspection Order must be sent to the inspection company at least two days prior to the inspection appointment. The document specifies the details such as the type of commodities, quality specification, quantity, packing and weight, required scope of intervention, and date and place of the inspection.
- After the completion of each inspection attendance, a certificate must be issued by the inspection company and sent to TBC within 5 business days. The inspection certificate provides a report according to the requirement and checking scopes specified in the Inspection Order.
- If there is any problem of supplies found during the inspection, it is the inspector's responsibility to notify TBC immediately.
- Actions or responses to the problems found from the independent inspection include, but are not limited to, warning or demanding from suppliers immediate corrective actions, holding deliveries or distribution, penalising suppliers, and withholding payment. For sub-standard quality TBC has internal guidelines on the type of penalty to impose according to the degree of seriousness of the quality failure. This ensures equitable imposition of penalties on different suppliers and over time.
- The results or a summary of the independent quality control should be shared among all concerned staff.

#### ***Related Documents:***

Appendix 23: Inspection Order - Sample

Appendix 24: Inspection Certificate - Sample

Appendix 25: Inspection Summary Report - Sample

#### **4. Delivery to Camps**

Most of TBC contracts have the requirement that suppliers must deliver supplies directly to camp warehouses. While supply delivery is handled by suppliers, TBC staff have the responsibility of monitoring to make sure that the delivery is completed according to purchase order and contractual agreements.

Prior to the arrival of supplies at camps, the responsibility of monitoring the delivery of supply falls on the support unit at the field level. Supervised by the Field Coordinator, the Field Administrator has these responsibilities including:

- Explain to the suppliers about the delivery requirements, expectations, and conditions particularly on the area and camp levels.
- Follow up and expedite supply delivery.
- Ensure that the necessary delivery permission(s) is granted by Thai Authorities prior delivery.
- Provide support, communicate and coordinate, with the field staff on delivery status and any problem encountered.

Suppliers are required to use the Delivery Receipt form as their own record and evidence of delivery. TBC has a standard format of Delivery Receipt for suppliers to use, with comprehensive contents and languages, which can be understood by all involved parties including suppliers/drivers, TBC staff, and camp recipients.

#### ***Related Documents:***

Appendix 26: Delivery Receipt - Form

#### **5. Monitoring by TBC field staff**

At or after the arrival of supplies at camp destinations, the monitoring responsibility falls on the TBC programme unit. Supervised by the Field Coordinator, the Field staff have the field monitoring responsibilities which are outlined as follows:

- Contact with beneficiaries, mainly through Camp Committees and warehouse staff about supplies and delivery status.
- Oversee the arrival and the receipt of supplies delivered at camp destination. Participate in checking activities, according to TBC Programme Guidelines, contact Bangkok Procurement in case of any issue with the supplies delivered.
- Receive feedback from the beneficiaries regarding the delivery, quantity and quality of supplies and notify if there is any problem encountered.
- Observe the distribution of supplies to the refugees.

(See TBC Programme Guidelines)

## **6. Check and Receipt by Camp Committee**

Upon the arrival of the commodities, Camp Committee's representative (mainly warehouse staff) do checks on supplies.

On the arrival of supplies, the Camp Committee representatives, mainly warehouse staff, unload supplies from delivery trucks into camp warehouses and check whether supplies are delivered in the correct quantity and quality in accordance with TBC Programme Guidelines.

TBC Supplies Officer pass any problems that require further actions to the Support team in Bangkok for further handling and/or penalising suppliers.

The Field Administrator enters receipt data on the QuickBooks System after reconciling Delivery Receipts from the supplier. Once any problems are resolved the Field Coordinator sends payment approval to the Finance Unit at TBC Bangkok.

## **7. Distribution to Beneficiaries**

(See Programme Guidelines)

The distribution to refugees is the final stage of the supply chain. The distribution is handled at the section level of the camps and overseen by the Camp Committee. TBC staff normally observes and monitors distributions to make sure that refugees receive their entitlement.

Supply distributions are another important monitoring stage in that all supplies will be unpacked and their quality evident. Quality checks are also done at this stage. If there is any problem with supply quality, the refugee representatives set aside the poor-quality supplies and report to TBC for further action. If the supply quality is considered minor, or if the distribution needs to be carried out, the camp representatives are encouraged to pass feedback and complaints to TBC. The feedback from camps is considered a useful input for TBC for a possible warning to suppliers, contract monitoring, supplier evaluation, and more future checks/attentions, which might be necessary.

## **8. Rejection/Penalties**

In case of any problem on supplies, delivery, and/or supplier's service/performance, it is important to keep in mind the following basic concerns:

- Suppliers should be kept well informed about any problems, unless confidentiality is necessary for further investigation.
- A satisfactory relationship and goodwill between TBC and suppliers should be maintained.
- Negotiation and peaceful settlement are preferable to conflict or legal actions which should be considered the last priority.

The following table lists some basic problems which can be found on supply deliveries including some guidelines re action toward these problems.

**Table 8:** Basic Problems and Guidelines for Actions

<b>Problems</b>	<b>Actions</b>
Quality substandard/damages	<ul style="list-style-type: none"> <li>▪ Reject delivery or part of it and request for replacement or repair free of extra charges</li> <li>▪ Penalise (i.e., send a warning letter, deduct payment, etc)</li> </ul>
Quantity/weight shortages or losses	<ul style="list-style-type: none"> <li>▪ Require payment for the shortage</li> </ul>
Delay delivery	<ul style="list-style-type: none"> <li>▪ Expedite and require immediate shipment</li> <li>▪ Penalise (i.e., send a warning letter, deduct payment, etc)</li> </ul>
Ignore/violate contract agreement, engage in fraud actions	<ul style="list-style-type: none"> <li>▪ Warn and demand corrective action</li> <li>▪ Terminate contract and/or disqualify the supplier</li> </ul>

Penalties issued by TBC relate to the issue and severity of cases as follows:

- Verbal warning
- Written/official warning
- Withhold payment
- Request compensatory supplies
- Monetary penalty (e.g., deduct payment)
- Temporary disqualification for future contract
- Cancellation of contract
- Disqualify the supplier (blacklist)

A penalty clause must be specified in all TBC contracts (see page 6 of Appendix 3).

For sub-standard quality TBC has internal guidelines on the type of penalty to impose according to the degree of seriousness of the quality failure. This ensures equitable imposition of penalties on different suppliers and over time.

***Related Documents:***

Appendix 27: Warning Letter - Sample

**B. Payment:**

After delivery is complete, suppliers are required to submit an invoice and the Delivery Receipts to TBC, which are the evidence of delivery and that the purchase agreement has been fulfilled. The payment is released to suppliers when:

- The Delivery Receipts (DR Form) are checked and reconciled against Purchase Order(s) by the TBC Field Administrator and the item receipt is entered to the QuickBooks accounting program.
- The Field Coordinator has confirmed acceptance of the delivery, which is matched to the Supplier's Invoice by the Finance unit at TBC Bangkok.

See TBC Financial Procedure Manual.

## Chapter IV:

### Code of Ethics

This section provides guidelines on the ethical behaviour, which are promoted in all procurement activities. For TBC, the code of conduct for procurement concerns two major aspects. One is internal which relates to TBC staff whose responsibilities are related to purchasing. The other is external and inclusive of TBC's suppliers and service providers.

#### A. Code of Ethics for TBC staff

##### Conflict of Interests:

At times, dealing with external sources may put TBC staff in a vulnerable position or in an apparent conflict of interest. "*Conflict of interests*" would include but not be limited to any activities or behaviours taken by the TBC staff or contracting authorities that may influence an objective and impartial professional opinion or cause any compromises for reasons involving family, political, economic or any shared interests. Conflict of interests for the TBC staff, as such, are to be avoided

To protect TBC and its staff members, it is important that the staff who engage in procurement activities understand and adopt the Code of Ethics as follows:

- a) General Consideration: Staff will consider TBC, the donors, and the beneficiaries as the first interest. Procurement activities will conform to TBC's objectives, policies, and the Code of Ethics outlined in this manual.
- b) Business Practices: Fair, honest, ethical and legal practices are promoted. Staff should treat all suppliers equally and conduct business in a way that promotes an atmosphere of trust and mutual understanding. A fair consideration is to be given to all competitive suppliers within the TBC's framework and criteria of evaluation, and not by personal bias or interest.
- c) Gifts: Staff must not accept gifts, money or any valuable offers from suppliers. If unavoidable, the gifts of inexpensive value (less than 1,000 baht or US\$ 25) or of seasonal nature (business diaries, calendars, etc.) may be allowed. This is under the condition that 1) staff cannot use or take home those gifts as their personal belongings, 2) those gifts should be donated to TBC's beneficiaries or disadvantaged communities if possible or kept for use centrally in a TBC office, and 3) suppliers who submit gifts should be informed of this gift policy, and 4) all gifts received should be recorded and approval from supervisors/managers must be sought for any questionable gift offerings.
- d) Travel & Accommodation: Staff should not accept free travel and accommodation from suppliers, even in the case of visiting suppliers' facilities. If necessary or unavoidable, exceptional cases might be acceptable, but prior approval by TBC staff at supervisor/manager levels must be obtained.

Confidentiality: Some supplier and purchase information are considered confidential. For example, as a part of mutual trust building, particular information about a supplier should not be disclosed to other suppliers. In addition, prior to contract award, any information that could affect the tendering decisions or lead one supplier to attempt to influence other bidders or TBC's decision, must be kept confidential from all but the Procurement

Committee. Selection Committee members are required to sign a declaration of confidentiality and non-conflict of interest. (Appendix 28)

## **B. Code of Ethics for Suppliers/Service Providers**

### **Highest Ethical Standards:**

TBC requires all suppliers, contractors and participating tenderers to observe the highest ethical standards during the procurement process and its business activities. TBC staff must ensure that suppliers are informed and aware of this code of ethics.

Suppliers must not engage in any corrupt, fraudulent, collusive or coercive practices. TBC shall reject any proposals or terminate contracts, if it is determined that any suppliers have engaged in such practices. It is TBC's responsibility to immediately inform the relevant donors and provide relevant information, if such misconduct cases by suppliers are discovered.

Suppliers must not be involved in the exploitation of child labour, must respect basic social rights and must provide safe working conditions for their staff. TBC shall recognise and satisfy itself in all procurement activities by not purchasing any goods or services from suppliers that do not meet these requirements.

### **Other Consideration:**

Suppliers should take into consideration the nature of humanitarian work, and the interest of TBC, as a humanitarian agency, and also the beneficiaries. Any of their business activities must conform to TBC's objectives, policies, and the Code of Ethics outlined in this manual. The suppliers and their subcontractors shall treat TBC's beneficiaries with respect for their rights and dignity.

Suppliers must do business with fair, honest, ethical and legal practices. Actions that create malpractice or unfair barriers to other competing bidders/suppliers are not acceptable. The performance of suppliers in carrying out the contract obligations with TBC must not be in breach of any laws, rules, and regulations of any governmental or other authorities having jurisdiction.

### **Control Mechanisms:**

To ensure and enforce suppliers to abide by the rules regarding the ethical standards mentioned above, TBC includes in the Contract documents and requires all contractors to conform to TBC Contractors/ Sub Contractors Code of Conduct. A Code of Conduct with the Declaration Statement signed by the Supplier no more than 12 months before any Contract's bid closing date must be held by TBC.

### **Related Documents:**

Appendix (29): Code of Conduct for Contractors and sub-contractors.

## **Chapter V:**

### **Compliance to Donor's Requirements/Policies**

TBC's donors have different requirements and policies. For example, IRC/USG expect TBC to openly tender for the purchase of the items allocated to them.

The donor requirements to which TBC must conform are:

**IRC:** from Grant Agreement:

#### **6.1 PROCUREMENT**

**6.2** The Sub-recipient shall adhere to procurement standards as set forth in 22 CFR 145.40-48. The Sub-recipient is prohibited from use of materials and supplies obtained or originating from sources in Iran, North Korea, Cuba, Sudan, or Libya.

**6.2.1** All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition.

**6.2.2** The recipient shall be alert to organizational conflict of interest as well as non-competitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade.

**6.2.3** In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that participate significantly in the development or drafting of specifications, requirements, statements of work, invitations for bids and/or requests for proposals shall be excluded from competing for such procurement without separate, written consent from IRC and the donor.

**6.2.4** Awards shall be made to the bidder or offeror whose bid or offer is responsive to the solicitation and is most advantageous to the recipient, price, quality and other factors considered. Solicitations shall clearly establish all requirements that the bidder or offeror shall fulfill in order for the bid or offer to be evaluated by the recipient.

**6.2.5** Any or all bids or offers may be rejected when it is in IRC's or the donors' best interests to do so. All procurement over the \$2,500 threshold must be subject to formal competitive bid process. All procurement greater than \$20,000, must be obtained through a sealed bid tender process.

**6.2.6** The Sub-recipient shall obtain IRC written consent to enter into any sub-contract that is other than fixed-price, is for the acquisition of motor vehicles, pharmaceuticals or equipment (exceeding \$5,000), and is not separately identified and included in the Sub-recipient budget.

**6.2.7** When contracts with commodity suppliers allow price fluctuations, the sub-recipient must include language in the contract which clearly stipulates how the contract price will change according to changes in market prices.

6.1.8 The sub-recipient must notify IRC in writing prior to their intention of engaging prospective bidders in a non-competitive bidding process.

**6.1.9** The Sub-recipient shall at the request of IRC make available to IRC pre-award review and procurement documents including: solicitation documents (requests for proposals or invitations for bids), independent cost estimates, determinations of responsibility and evaluation summaries, etc., or in any event when any of the following conditions apply:

1. Sub-recipient fails to comply with required procurement standards;
2. When procurement is awarded without competition or only one bid or offer is received in response to a solicitation;
3. When the procurement which is expected to exceed the small-purchase threshold specifies a “brand name” product
4. Sub-recipient is proposing an award exceeding \$20,000 to other than the apparent low bidder under a sealed bid procurement;
5. A proposed contract modification changes the scope of contract or increases the contract amount by more than the amount of the small purchase threshold.

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